

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PRAGUE 01368 100741Z

50

ACTION EUR-12

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /092 W

----- 112541

R 091500Z JUN 75

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 8247

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION BERLIN

AMEMBASSY VIENNA

USNAOT 745

LIMITED OFFICIAL USE PRAGUE 1368

E.O. 11652 N/A

TAGS: BEXP, CZ

SUBJECT: POSSIBLE SHIFT IN CZECHOSLOVAK FOREIGN TRADE POLICY

VIS-A-VIS FRG

REF: . PRAGUE 1293; B. PRAGUE 1335 (BOTH NOTAL)

1. DR. NOVOTNY, FEDERAL MINISTRY OF METALLURGY AND HEAVY  
ENGINEERING, DURING RECEPTION JUNE 2 MENTIONED REFTEL B  
ALSO GAVE OBLIQUE CONFIRMATION TO STRONG INDICATIONS WE'VE  
BEEN RECEIVING RECENTLY THAT CZECHOSLOVAK FOREIGN TRADE APPARATUS  
MAY SOON PUT TEETH INTO ITS OFT-RUMORED INTENTION TO REDIRECT PART  
OF ITS TRADE WITH FEDERAL REPUBLIC OF GERMANY TO OTHER WESTERN  
COUNTRIES. NOVOTNY ASKED WHETHER IT MIGHT NOT BE POSSIBLE FOR  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PRAGUE 01368 100741Z

EMBASSY TO IDENTIFY THOSE U.S. FIRMS HAVING SUBSIDIARIES OR

BRANCHES IN FRANCE (PARTICULARLY), U.K., ITALY, AND BENELUX COUNTRIES, WHICH ARE NOW BEING VIEWED WITHIN CZECHOSLOVAK GOVERNMENT AS PREFERRED COMMERCIAL PARTNERS OVER SIMILAR FIRMS WITH BRANCHES IN WEST GERMANY. PERHAPS SIGNIFICANTLY, NOVOTNY DID NOT INCLUDE AUSTRIA AMONG THE OTHER COUNTRIES HE MENTIONED.

2. EMBASSY CANNOT OF COURSE DISCRIMINATE AMONG U.S. SUPPLIERS IN BRING TRADE OPPORTUNITIES IN CZECHOSLOVAKIA TO ATTENTION OF U.S. FIRMS BASED ON THEIR GEOGRAPHIC LOCATION, NOR DO WE INTEND TO DO SO. IT IS PERHAPS INSTRUCTIVE, NEVERTHELESS, THAT A LARGE COMPUTER SALE (\$640,000) WAS CONCLUDED LAST WEEK WITH FRENCH REPRESENTATIVE OF U.S. MANUFACTURER (ELECTRONIC ASSOCIATES, INC.) AFTER LENGTHY NEGOTIATIONS IN WHICH WE ASSUME COMPETITORS FROM OTHER COUNTRIES, INCLUDING U.S., WERE INVOLVED.

3. WHAT THIS NEW POLICY, IF IT IS A POLICY, MAY MEAN FOR U.S. FIRMS DOING BUSINESS WITH CZECHOSLOVAKIA THROUGH AGENTS OR SUBSIDIARIES IN FRG IS HARD TO SAY. WE SUSPECT THAT IN SHORT RUN THEIR CURRENT LEVEL OF BUSINESS WILL NOT BE NOTICEABLY AFFECTED, BUT OVER TIME SOME DIMINUTION IN TRADE MAY TAKE PLACE BETWEEN THESE FIRMS AND THEIR CZECHOSLOVAK TRADING PARTNERS (FTOS). EMBASSY HAS OVER PAST MONTHS AND YEARS REPORTED SIMILAR INDICATIONS THAT CZECHS WERE BECOMING INCREASINGLY SENSITIVE OVER FACT THAT SO MUCH OF THEIR TRADE WITH WEST WAS IN HANDS OF WEST GERMANS, BUT THESE INDICATORS HAVE NOT AMOUNTED TO MUCH IN WAY OF ACTION BECAUSE OF ENTRENCHED PREFERENCES OR ATTITUDES (WE HESITATE TO SAY FINANCIAL TIES) OF CZECH FOREIGN TRADE DECISION-MAKERS AT WORKING LEVEL TOWARD TRADING WITH WEST GERMAN FIRMS. OBVIOUSLY, TOO, GEOGRAPHIC PROPINQUITY IS SINGULAR FACTOR IN EXPLAINING WEST GERMAN PREDOMINANCE IN CZECH FOREIGN TRADE PICTURE. NOW, HOWEVER, THERE SEEMS TO BE A CONCERTED EFFORT TO PASS THE WORD DOWN (AT LEAST IN TWO MAJOR SECTORS; CONSTRUCTION- (REFTEL A) AND METALLURGY) TO FTOS AND OTHERS THAT FURTHER EXPANSION OF TRADE CONTACTS WITH WEST GERMAN FIRMS IS TO BE PLAYED DOWN IN FAVOR OF WIDER CONTACTS IN WESTERN EUROPE (AND PRESUMABLY THE U.S., ONCE PROBLEMS WITH TRADE ACT OF 1974 ARE RESOLVED.)

4. HOW THIS ALL FITS IN WITH STATEMENTS MADE BY FOREIGN TRADE MINISTER BARCAK AT CZECHOSLOVAK ECONOMIC EXHIBITION IN BONN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PRAGUE 01368 100741Z

LAST WEEK TO EFFECT THAT ALL POSSIBILITIES FOR ECONOMIC CO-OPERATION (WORDS "TRADE" AND "COMMERCIAL" WERE NOT USED) BETWEEN CSSR AND FRG HAVE NOT RPT NOT BEEN EXHAUSTED AND THAT CZECHS ARE THEREFORE "WILLING" TO EXPAND ECONOMIC COOPERATION WITH FRG IS A BIT HARD TO JUDGE. IN SAME CTK REPORT WHICH CARRIED BARCAK'S REMARKS, HOWEVER, IT IS STATED THAT SINCE 1969 CZECHOSLOVAK EXPORTS TO FRG INCREASED ROUGHLY 100 PERCENT WHILE FRG EXPORTS TO CZECHOSLOVAKIA JUMPED BY 180

PERCENT. IT IS PROBABLY THIS DISPROPORTION IN RELATIVE GROWTH RATES IN TRADE THAT LIES BEHIND GRADULLY EMERGIN POLICY SHIFT REFERRED TO IN FIRST PART OF CABLE.

5. IN CONVERSATION JUNE 5 WITH KNOWLEDGABLE OFFICIAL AT CZECHOSLOVAK CHAMBER OF COMMERCE ON ALL OF THIS, LATTER NODDED AFFIRMATIVELY WHEN ASKED WHETHER THERE WAS A BASIS FOR SPECULATION THAT CZECHS INTENDED TO TURN FROM WEST GERMAN SUPPLIERS IN FUTURE. WITHOUT EMBOFF'S HAVING FIRST MENTIONED THEM, CHAMBER OFFICIAL SAID THAT HE HAD BEEN A BIT PUZZLED BY MINISTER BARCAK'S STATEMENTS IN WEST GERMANY RE EXPANSION OF ECONOMIC COOPERATION WITH FRG. HE WOULD NOT BE DRAWN OUT FURTHER, BUT LEFT CLEAR IMPRESSION THAT BARCAK'S COMMENTS WERE AT SOME VARIANCE WITH WHAT CHAMBER OFFICIAL HAD UNDERSTOOD CURRENT CZECHOSLOVAK TRADE POLICY VIS--VIS FRG TO BE.  
PERRY

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PRAGUE01368  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750201-1019  
**From:** PRAGUE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750668/aaaackcl.tel  
**Line Count:** 131  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 PRAGUE 1293, 75 PRAGUE 1335  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2003 by ElyME>; APPROVED <22 SEP 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** POSSIBLE SHIFT IN CZECHOSLOVAK FOREIGN TRADE POLICY VIS-A-VIS FRG  
**TAGS:** BEXP, CZ  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006